

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/081 W

-----130420Z 042049 /73

R 121920Z APR 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1040

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD BR

SUBJECT: GSP - FIRST YEAR REVIEW

REF: (A) STATE 67507 (B) STATE 59653 (C) STATE 61407

FOLLOWING MESSAGE WAS DRAFTED BY CONGEN RIO DE JANEIRO:

1. GOB AUTHORITIES HAVE NOT PUBLISHED ANY STATISTICS AS YET WHICH WOULD SHED LIGHT ON BRAZILIAN PERFORMANCE UNDER GSP IN 1976, NOR HAVE OUR INFORMAL CONTACTS WITH CACEX TURNED UP UNPUBLISHED DATA. IN APRIL 6 DISCUSSIONS WITH CACEX RE ASSURANCE OF UNCTAD FORM A (SEPTER REPORTS RESULTS), IT WAS CLEAR THAT GOB DID NOT HAVE EVEN MINIMAL DATA ON INCREASED US-BRAZIL TRADE IN GSP COMMODITIES (FROM US\$159.7 MILLION IN 1975 TO US\$251.3 MILLION IN 1976) OR ELIGIBLE SHIPMENTS WHICH UNNECESSARILY PAID DUTY (\$46.6 MILLION, OR 14.6 PERCENT), WHICH WAS CONTAINED IN MARCH 11 ARA/ECP MEMO. SINCE CACEX IS WELL EQUIPPED

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TO MAKE RAPID ANALYSIS OF EXPORT DATA, THIS LACK OF INFORMATION MAY SUGGEST LACK OF HIGH-LEVEL CONCERN WITH GSP.

2. APRIL 6 DISCUSSIONS ALSO REVEALED LIMITED TECHNICAL LEVEL INTEREST IN GSP, WHICH IS DISAPPOINTING. WE HAVE TRIED OVER THE PAST YEAR TO STIR UP INTEREST IN AND AWARENESS OF GSP AT CACEX AND ELSEWHERE, INCLUDING NUMEROUS MEDIA

CONTACTS. WE ALSO SUSPECT THAT HIGHER POLICY LEVELS
IN GOB ARE NOT FULLY KNOWLEDGEABLE RE GSP POSSIBILITIES FOR BRAZIL.
EVEN COMPETITIVE-NEED PROVISIONS ARE BEING MISSINTERPRETED
(E.G., AMBASSADOR PINHEIRO'S COMPLAINT TO UNDERSECRETARY COOPER RE
"PROTECTIONIST" MEASURE AGAINST CORNED BEEF -- SEE PARA 4, REFTEL
B) DESPITE CONTINUING EFFORTS TO GET SOPHISTICATED POLICY-MAKERS TO
UNDERSTAND "GRADUATION" CONCEPT BEHIND COMPETITIVE-NEED DELETIONS.
WE ARE PLANNING PRESS BACKGROUNDER ON THIS ASPECT, AND WILL OTHER-
WISE CONTINUE TO SELL ECONOMIC RATIONALE FOR CUTOFF, AS WELL AS
OTHER PROVISIONS, AND WILL STRESS SUBSTANTIAL 1976 TRADE INCREASE
AND AMPLE MARGIN FOR FUTURE GAINS.

3. WHILE NO CONSOLATION, IT IS UDEFUL TO NOTE THAT
GOB APPEARS EQUALLY UNCONCERNED AND/OR UNAWARE OF
RESULTS OF EC'S TARIFF-PREFERENCE SYSTEM. OUR CON-
TACTS CONFIRM RECENT BRITISH REPORT (MAGNUS PIECE IN
"BANK OF LONDON AND SOUTH AMERICA REVIEW"; MARCH
1977) THAT COMPLEXITY OF EC SCHEME HAS LIMITED
BRAZILIANS' ENTHUSIASM FOR PREFERENCE.

4. OUR TRADE CONTACTS SHOW A BETTER FAMILIARITY WITH
GSP, WITH VARIOUS EXPORTERS QUITE PLEASED WITH
WORKINGS. THERE ARE PAPERWORK COMPLAINTS (MAINLY INVOLVING
CACEX'S OWN BUREAUCRATIC DELAYS IN ISSUING UNCTAD FORM A CERTIFI-
CATES OF ORIGIN -- WHICH WE ARE ATTEMPTING TO FACILITATE), BUT
A BRAZILIAN EXPORTER DEALS WITH SO MUCH RED TAPE ANYWAY THAT THE
ADDITIONAL BURDEN IN MINIMAL.

5. WHILE LED BY COFFEE BRAZIL'S CURRENT SURGE OF EXPORTS
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(A FORTY PERCENT INCREASE IN FIRST QUARTER OF 1977 OVER THE SAME
PERIOD A YEAR AGO) INCLUDES SUBSTANTIAL (I.E., ROUGHTLY 25
PERCENT) GAINS IN MANUFACTURED GOODS AND A SUBSTANTIAL INCREASE
IN EXPORTS TO THE US. THIS SUGGESTS THAT 1977 PROSPECTS FOR GSP
UTILIZATION ARE QUITE GOOD.
CRIMMINS

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